# DAILY ANALYSIS REPORT \* ABANS Tuesday, June 21, 2022

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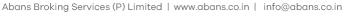


# WITH THE DOLLAR INDEX STRENGTHENING, GOLD IS LIKELY TO TRADE LOWER

- Spot gold is now trading near \$1835 which is sharply lower from this month's high of 1882.5 registered last week. Strength in dollar index and bond yi8oled is keeping gold prices under pressure. US Dollar index future is now trading near 103.912; US bond yield is now trading near 3.231 both are significantly up from last month's low level.
- Gold prices are likely to trade in a narrow range after some volatility last week as a result of shocking US consumer price index data and the subsequent 75-basis-point interest rate hike by the Federal Reserve, as well as hikes by other European central banks.
- On Monday, European Central Bank President Christine Lagarde reiterated her intention to raise interest rates in July and September, indicating that financial market concerns will not derail the fight against inflation. The ECB's action is likely to keep bullion prices under pressure in the short term.
- Fed Chair Jerome Powell is set to deliver his semi-annual monetary policy testimony before the Senate Banking Committee tomorrow which is likely to give fresh direction to gold prices. Meanwhile, Treasury Secretary Janet Yellen said that "unacceptably high" prices are likely to stick with consumers through 2022 and that she expects the US economy to slow down. Fed Governor Christopher Waller said on Saturday he would support another 75-basis-point rate increase at the central bank's July meeting should economic data come in as he expects.
- The rise in US consumer prices in May fueled fears of the Federal Reserve raising interest rates more aggressively. According to Labor Department data released on Friday, the US consumer price index (CPI) rose 8.6 percent last month, the largest year-on-year increase since December 1981 and a 40-year high.
- ▲ Meanwhile, SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, increased its holdings to 1,075.54 mt from nearly 1049.22 mt (on May 16, 2022), a 26.32 mt, or 2.5 percent, increase in a month.
- According to the CFTC Commitments of Traders report for the week ended June 14, net long of gold futures dropped by 20670 contracts to 154598. Speculative longs dropped by 3760 contracts while shorts increased by 16910 contracts.

## Outlook

■ Gold prices are expected to trade with a negative bias, with critical resistance levels around \$1858-\$1880 and immediate support levels around \$1803-\$1766.





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